



**AIRPORTS COUNCIL
INTERNATIONAL**

**ACI-NA Airport Operating/Use Agreement
Insurance Requirements - Benchmarking Survey**

October 2007

**ACI-NA Insurance and Risk Management Committee
ACI-NA Economic Affairs Department**

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BACKGROUND

In order to assist airports in assessing the adequacy of insurance coverage requirements for airports' business partners, the ACI-NA Insurance and Risk Management Committee began researching a pilot project in 2006. This pilot project started by analyzing the insurance and indemnification section of the airport and airline use/lease agreements as Phase 1 of the project. The questionnaire included policy limits and general requirements for airline liability, automobile liability, workers' compensation (WC) liability and property insurance liability coverage. Phase 2 of the project will cover airport food and beverage, and retail concessionaires. Phase 3 of the project will potentially cover other airport contractors and ground handlers.

This survey was sent to all of the member airports participating in the Insurance and Risk Management Committee. A total of 54 organizations responded to the survey questionnaire, including 19 large hub airports, 22 medium hub airports, 10 small hub airports, and 3 non hub primary as defined by the FAA in their preliminary 2006 traffic report (see Appendix 1 for the FAA definition of airport categories and Appendix 2 for survey samples). Airports participated by providing detailed information regarding their airport and airline use and lease agreements.

For this report, airports were grouped into four main categories: large, medium, small and other (see Table 1). Responses from organizations with multiple airports were grouped by the size of the largest airport. The data collection period was from May 1, 2007 when the survey was initially sent out, until July 6, 2007 when the final response was received.

Table 1: Sample Distribution

Hub Size	Number of Responses	Total Number of Airports	Percent of Industry Total
Large	19	30	63.3%
Medium	22	38	57.9%
Small	10	67	14.9%
Other	3	--	<1%
Total	54		

FINDINGS

This study attempted to collect data with regard to insurance and indemnity requirements posed by airport authorities onto airlines. The study did not address any other type of agreement, permit, license, or other contractual arrangement between the airport authority and any other third party. This study also did not attempt to correlate responses regarding the leases with size of the airport.

It is also recognized that many airports have old agreements with airlines that use terminology regarding insurance coverage that would not be used today if the agreements were to be rewritten. This study did not collect information as to when the lease agreement was last revised. Older agreements with older insurance requirements for example may use outdated wording such as: comprehensive general liability insurance; broad form contractual liability; broad form property endorsement; fire damage legal liability; blanket XCU endorsement; or a cross liability reference. These older agreements may result in different interpretations regarding coverage when compared to current policies and endorsements that are being submitted to comply with the agreement insurance requirement. This study did not address the procedures that airport authorities use to ensure compliance with the lease insurance requirements.

With respect to the survey findings, more than 50% of the agreements did not require any property or liability insurance for the airport authority itself. This may change in the future if airlines seek assurance that airport authorities have policies in place to protect the airlines insurable interest in the property and infrastructure that they use to conduct their operations at airports.

The survey also revealed interesting information with regard to self-insurance and self-insured retentions that airlines may use in their liability insurance programs. Only 38% of airport respondents indicate that they put a restraint or condition on an airlines liability insurance deductible. Only 30% of respondents indicated that they allow self-insurance in lieu of commercial insurance. When the survey asked which lines of coverage are allowed to be self-insured, 45 of the respondents had no answer. There is no standard definition of “self-insurance” other than what may be listed in a State’s statute with respect to workers compensation and perhaps auto liability.

The issue of what is self-insurance, whether for a deductible or for a layer of the required insurance, needs further study. The exposure to the airport authorities is the ability to tender a claim to the airline in the event the airport is named in a claim that stems from the airlines operations. An airline using self-insurance (again this is undefined) may dispute the claim as opposed to a commercial insurance company which would have an obligation to investigate and defend the claim (to the extent that the claim is covered) on behalf of the airport (assuming the airport is an additional insured on the airline’s policy). This exposure to the airport is the process of having to defend and pay for the claim and then seek reimbursement from the airline (as opposed to having the airline’s insurance company defend the claim from the start).

Some other observations:

With regards to the Limits Section,

- Most airports use a form of limited indemnity wording in their lease agreements;
- Only 4% of all surveyed airports require a general liability limit of greater than \$300 million. Of note, most major airlines carry liability insurance in amounts equal to \$1 Billion or greater.
- Nearly 2/3 of all airports specify auto liability, whether for ramp or landside in their airline agreements.

With regards to the General Requirements Section,

- In terms of breadth of liability, coverage requirements, close to 90% of all respondents indicated that the specified general liability coverage required of airlines was to include: the terminal, airfield, ramp, and taxiway; and that required coverage was to include completed operations and personal injury.
- The airlines liability requirements in about 70% of the agreements reviewed did not:
 - Specify airlines to cover aircraft fueling; (Could be due to separate agreements with a fuel consortium or a fueling vendor)
 - Require airlines to have environmental or pollution liability coverage (or endorsements to the general liability policy);
 - Require airlines to have TRIA or War Risk coverage;
- Relative to property insurance, it was a 50-50 split between airports who required this of the airlines and those who did not. In addition, less than 30% indicated that they:
 - Specified values that the airlines had to insure;
 - Required airlines to cover improvements or betterments (possibly due to this being included on most property forms)
- Over 95% of all respondents indicated an additional insured requirement for the airlines general liability coverage but:
 - Only 50% required an actual additional insured endorsement;
 - Over 98% required an insurance certificate;
 - Only 4% required a copy of the actual policy;
 - Over 80% specified an occurrence based form to be used for the policy.

SURVEY RESULTS

This survey was conducted in two parts. Part 1 focused on insurance limits, including the airport's indemnity agreement, airline, general and automobile liabilities, WC and the property insurance that is required of the airlines.

Part 2 focused on the general requirements for the airlines on airline liability coverage, automobile liability coverage, property insurance, policy specific requirements, general insurance requirements, and airport insurance obligations in the lease agreement.

Part 1: Limits

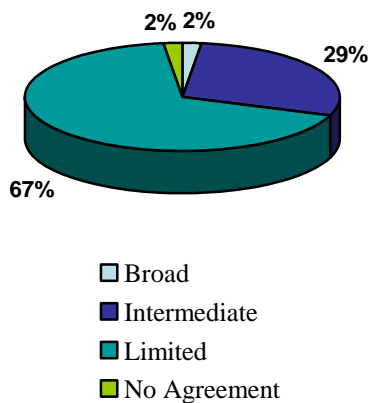
This section focuses on the limits requirement of airlines established in each airport's use and lease agreement.

1. Type of Indemnity Agreements - Forty-nine airports answered this question and categorized their agreement as either Broad^a, Intermediate^b or Limited^c.

Answer	Number of Responses
Broad	1
Intermediate	14
Limited	33
No Agreement	1

Other responses for this question include: mutual indemnification (SJC) and not clear (SLC).

Figure 1: Type of Indemnity Agreements



^a One party assumes all responsibility for its own negligent acts and those negligent acts of another party, even when the other party is solely responsible for a loss.

^b One party assumes responsibility where both parties to the contract may be negligent and jointly liable, except for the "sole" negligence of the other party.

^c One party agrees to assume responsibility to the extent it is negligent or jointly liable for damages.

Airline Liability Limits

2. Major Airline Liability Limits: Forty-nine airports answered this question.

Table 2: Major Airline Liability Limits by Hub Size

Hub Size	Range of Major Airline Liability Limits (in millions)			
	< 100	100-200	250-300	400-500
Large	1	8	6	
Medium	3	12	3	2
Small	1	8	1	1
Other		3		
Total	5	31	10	3

For this question, the majority of airports responding to the survey (63%) require \$100 - 200 million in airline liability. Airport liability coverage requirements range from a minimum value of 0 (CVG and FWA) to a maximum value of \$500 million (STL).

Other responses not included in the calculations above are:

- Calculated on the size of the plane (ANC)
- Reasonably attainable (DFW)

The survey response does show that, generally speaking, larger airports (large and medium hubs) require airlines to carry higher liability coverage.

3. Commuter Liability Limits: Twenty-seven airports answered this question.

Table 3: Commuter Airline Liability Limits by Hub Size

Hub Size	Range of Airline Commuter Liability Limits (in millions)			
	< 25	25 to 100	150	200
Large	1	4		2
Medium		9	1	
Small		9		
Other		1		
Total	1	23	1	2

For this question, the majority of airports responding to the survey (85%) require \$25 – 100 million in commuter airline liability. The commuter liability requirement ranges from a minimum of \$1-2 million (LAS) to a maximum of \$200 million (IAH and MSP).

The response from SEA was not included in the table above. Their answer is the following: “The main airline agreement does not reference separate limits for commuter aircraft – who operate under an Operating Permit, rather the airline lease have limits that range between \$50 million and \$300 million.”

4. War Liability Limits: Five airports answered this question. SJC requires airlines to carry \$50 million war liability coverage; STL and PHX require it, while TPA and CMH do not require it.

5. Terrorism Liability Limits: Three airports answered this question. SJC requires \$50 million for terrorism airline liability; TPA and CMH do not require it.

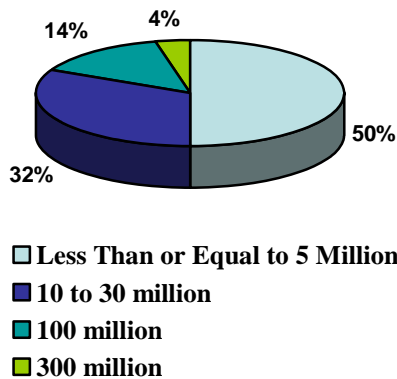
6. General Liability Limits: Twenty-eight airports answered this question.

Table 4: General Liability by Hub Size

Hub Size	Range of General Liability Limits (in millions)			
	≤ 5	10 to 30	100	300
Large	3	4	1	1
Medium	7	2	2	
Small	4	1		
Other		2	1	
Total	14	9	4	1

Fifty percent of respondents require \$5 million or less in general liability from airlines (see Figure 2).

Figure 2: General Liability Limits



The general liability limits range from a minimum value of \$1 million (SFO, MKE and SNA) to a maximum value of \$300 million (JFK).

Other answers not included in the calculations above include: not required (CMH, LAS, MHT, OMA, PSM and CVG); \$5 million/person, \$10 million/occurrence (DTW); reasonably attainable (DFW); required limit not stated (HSV); and varies (PHL).

Automobile (Auto) Coverage Limits

7. Landside Automobile^d Coverage Limits: Forty-five airports answered this question.

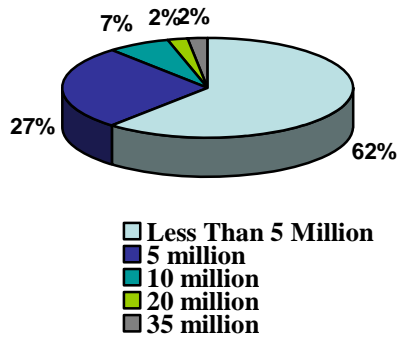
Figure 3 shows the breakdown of the required landside automobile liability limits. The majority (62%) require less than \$5 million.

^d Airport-owned vehicles traveling on airport premises in the non-secured area.

The range has a minimum value of \$500,000 (DFW) and a maximum value of \$35 million (STL).

Other answers not included in the results listed above are: no airline automobile liability insurance required (CVG, APF, DTW and OMA); general (AUA); and required limit not stated (HSV).

Figure 3: Landside Automobile Coverage Limits



8. Airside Automobile^e Coverage Limits: Forty-seven airports answered this question.

Figure 4 shows the breakdown of the required airside auto liability limits. The majority of respondents (64%) require between \$5 million and \$10 million.

The range for this question has a minimum value of \$1 million (ALB, AUS, FWA, MSN, AUA, MKE, PSM, RDU, and SNA) and a maximum value of \$100 million (SJC).

Other answers not included in the figures calculated above are: none (DTW); and required limit not stated (HSV).

Figure 4: Airside Automobile Coverage Limits

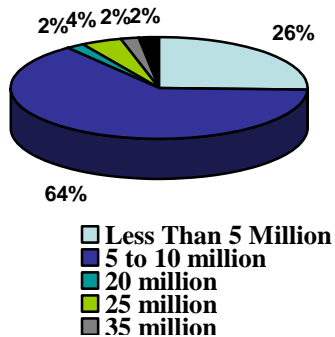


Table 5 shows the breakdown of automobile coverage categorized by hub size.

^e Vehicles traveling on the ramp, taxiways and runways.

Table 5: Automobile Coverage Limits by Hub Size

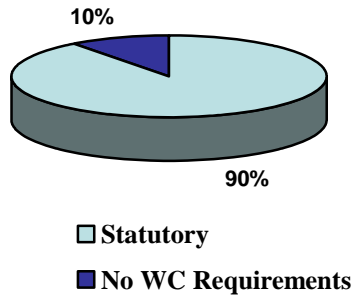
AUTOMOBILE COVERAGE (in millions of USD)	Landside				Airside			
	Large	Medium	Small	Other	Large	Medium	Small	Other
Below 5	11	11	4	2	1	6	3	2
5 to 10	6	4	4	1	14	9	6	1
20		1				1		
25		1			1	1		
35		1					1	
100							1	
Total	17	18	8	3	16	17	11	3

Workers' Compensation Coverage Limits

9. Is Workers' Compensation Statutory? (Yes/No): Forty-nine airports answered this question.

Answer	Number of Respondents
Statutory WC	44
No WC Requirements	5

Figure 5: Is Workers' Compensation Statutory?

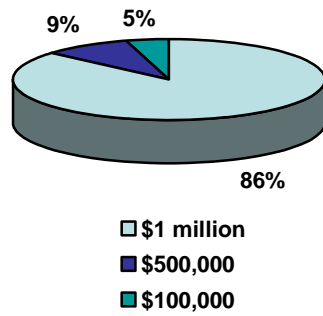


10. Is Employer's Liability Included? (Yes/No): Thirty-two airports answered this question and confirmed that they included employer's liability.

Twenty-two airports gave a dollar amount, listed in the table below.

Answer	Number of Respondents
\$1 million	19
\$500,000	2
\$100,000	1

Figure 6: Employer's Liability

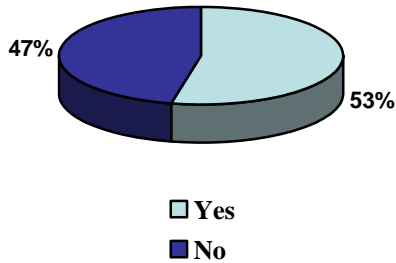


Property Insurance Coverage Limits^f

11. Is Property Insurance Required of Airlines? (Yes/No): Thirty airports answered this question.

Answer	Number of Respondents
Required	16
Not Required	14

Figure 7: Is Property Insurance Required of Airlines?



12. Property Insurance Limits: Sixteen airports answered this question.

Nine airports have a full replacement value of their property insurance.

Other answers include: extent of interest (CMH); 25 million (BTV and PIT); determined by airline (JAN); 5 million (LAS); 90% (SNA); and Cargo (SMF).

^f Property insurance required of airlines may include coverage for improvements/betterments or alterations.

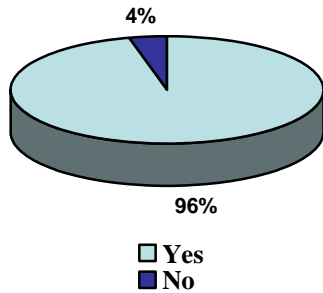
Part 2: General Requirements

Airline General Liability Coverage, Requirements and Main Operations

1. Coverage Includes All Ground Operations, Including Ramp and Taxiway (Yes/No) – Fifty airports answered this question.

Answer	Number of Respondents
Yes	48
No	2

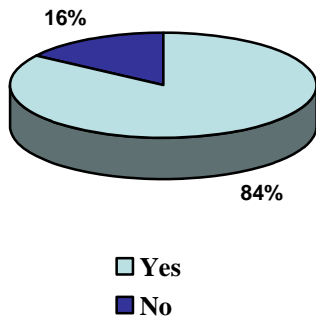
Figure 8: Does Coverage Include All Ground Operations Including Ramp and Taxiway?



2. Coverage Includes Products/Completed Operations (Yes/No) – Fifty-one airports answered this question.

Answer	Number of Respondents
Yes	43
No	8

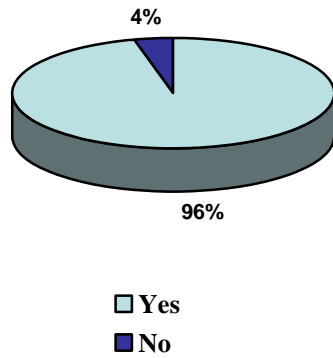
Figure 9: Does Coverage Include Products/Completed Operations?



3. Coverage Includes Personal Injury (Yes/No) – Fifty-one airports answered this question.

Answer	Number of Respondents
Yes	49
No	2

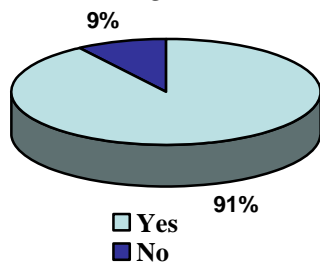
Figure 10: Does Coverage Include Personal Injury?



4. Coverage Includes All Airport Premises (Yes/No) – Fifty-three airports answered this question.

Answer	Number of Respondents
Yes	48
No	5

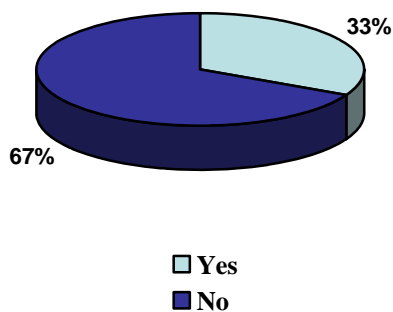
Figure 11: Does Coverage Include All Airport Premises?



5. Coverage Includes Aircraft Fueling (Yes/No) – Forty-three airports answered this question.

Answer	Number of Respondents
Yes	14
No	29

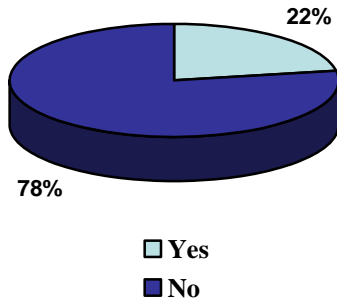
Figure 12: Does Coverage Include Aircraft Fueling?



6. Airline Required to Have Environmental or Pollution Liability (Yes/No) – Thirty-six airports answered this question.

Answer	Number of Respondents
Yes	8
No	28

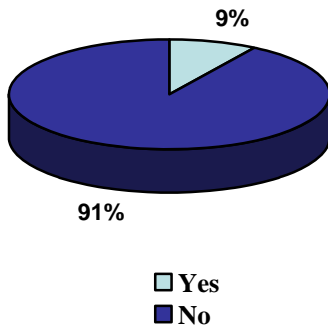
Figure 13: Is the Airline Required to Have Environmental or Pollution Liability?



7. Requires Terrorism/War Coverage (Yes/No) – Forty-five airports answered this question.

Answer	Number of Respondents
Yes	4
No	41

Figure 14: Is Terrorism/War Coverage Required?



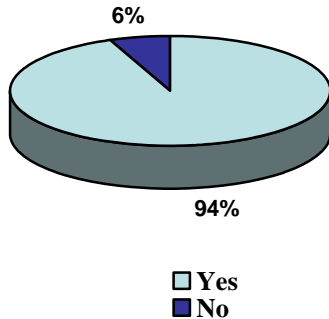
For this section of questions, the majority of respondents have coverage that includes all ground operations, products/completed operations, personal injury and all airport premises. However, for most airports, coverage does not include aircraft fueling, airline requirements on environmental and pollution liability or terrorism/war coverage.

Auto Liability General Requirements

8. Ramp or Airfield Requirements Limits (Yes/No) – Forty-nine airports answered this question.

Answer	Number of Respondents
Yes	46
No	3

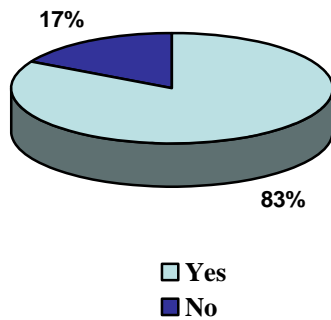
Figure 15: Are There Ramp or Airfield Requirements?



9. Non-airfield/NonOps Requirements Limits (Yes/No) – Forty-seven airports answered this question.

Answer	Number of Respondents
Yes	39
No	8

Figure 16: Are there Non-airfield/Non-Ops Requirements?



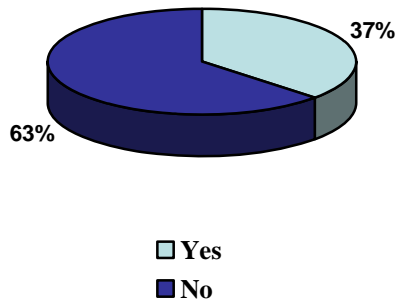
For this section of questions, the majority of respondents have both ramp or airfield requirements and non-airfield/non-ops requirements.

Property Insurance Requirements

10. Property Insurance Required for Airlines (Yes/No) – Forty-six airports answered this question.

Answer	Number of Respondents
Yes	17
No	29

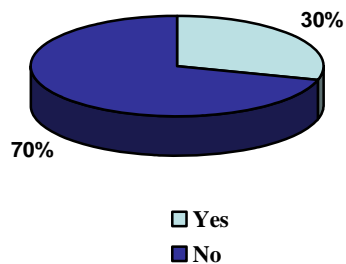
Figure 17: Is Property Insurance Required for Airlines?



11. Replacement Value, or Percent of Replacement Value Specified, in Agreement (Yes/No)
 – Forty-four airports answered this question.

Answer	Number of Respondents
Yes	13
No	31

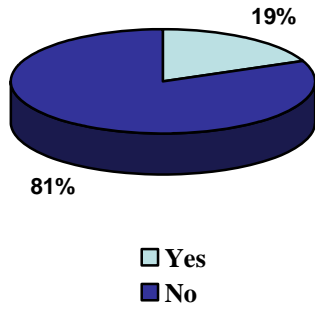
Figure 18: Is the Replacement Value, or Percent of Replacement Value, Specified in Agreement?



12. Betterments and Improvements or Alterations Insurance Specified (Yes/No) – Forty-three airports answered this question.

Answer	Number of Respondents
Yes	8
No	35

Figure 19: Are Betterments and Improvements or Alterations Insurance Specified?



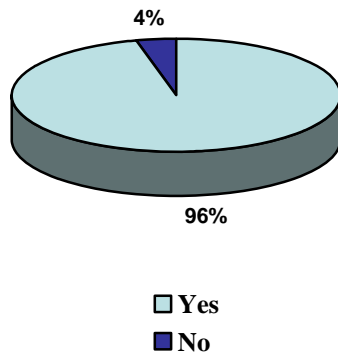
For all of the questions in this section, the majority of airports do not have the property insurance requirements for airlines.

Policy Specific Requirements

13. Airline Required to Specify the Airport as an Additional Insured (Yes/No) – Fifty-two airports answered this question.

Answer	Number of Respondents
Yes	50
No	2

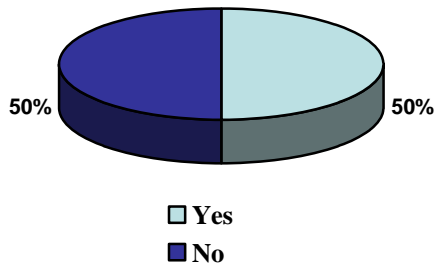
Figure 20: Is the Airline Required to Specify the Airport as an Additional Insured?



14. Endorsement Required to Support Additional Insured Requirement (Yes/No) – Forty-eight airports answered this question.

Answer	Number of Respondents
Yes	24
No	24

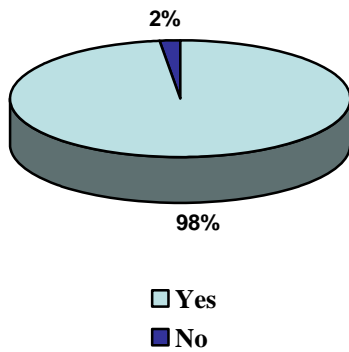
Figure 21: Is an Endorsement Required to Support Additional Insured Requirement?



15. Certificate of Insurance Required (Yes/No) – Fifty-two airports answered this question.

Answer	Number of Respondents
Yes	51
No	1

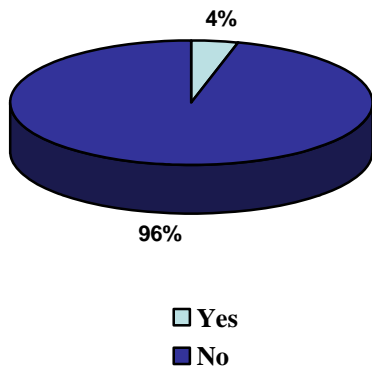
Figure 22: Is a Certificate of Insurance Required?



16. Copy of Policy Required (Yes/No) – Forty-nine airports answered this question.

Answer	Number of Respondents
Yes	2
No	47

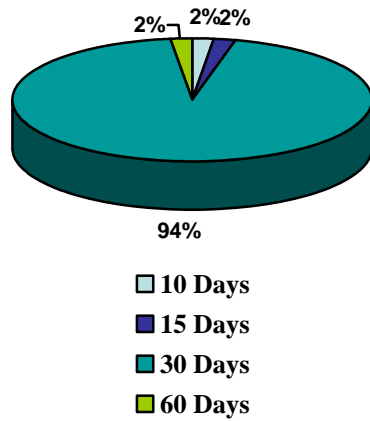
Figure 23: Is a Copy of the Policy Required?



17. Number of Days Required for Notification of Policy Cancellation – Fifty airports answered this question.

Answer	Number of Respondents
10 Days	1
15 Days	1
30 Days	47
60 Days	1

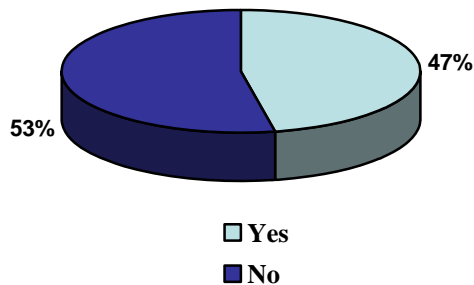
Figure 24: Number of Days Required for Notice of Policy Cancellation



18. Coverage Primary and Non-contributory Clause (Yes/No) – Forty-seven airports answered this question.

Answer	Number of Respondents
Yes	22
No	25

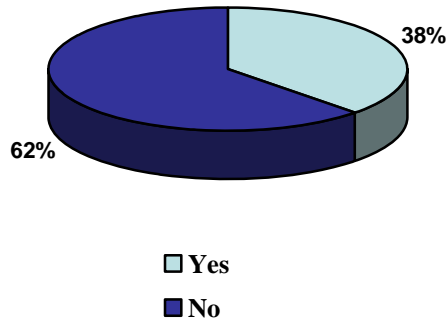
Figure 25: Is there a Coverage Primary and Non-Contributory Clause?



19. Penalty for Failure to Maintain Insurance (Yes/No) – Forty-eight airports answered this question.

Answer	Number of Respondents
Yes	18
No	30

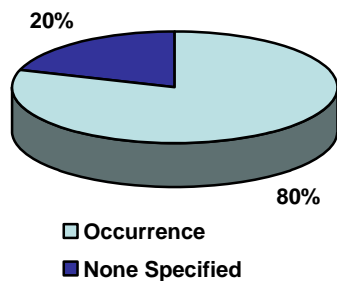
Figure 26: Is there a Penalty for Failure to Maintain Insurance?



20. Policy Form Specified (Claims Made, Occurrence, or None Specified) – Forty airports answered this question.

Answer	Number of Respondents
Claims Made	0
Occurrence	32
None Specified	8

Figure 27: How is the Policy Form Specified (Claims Made, Occurrence, or None Specified)?

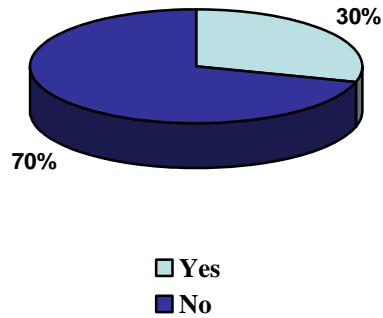


Additional responses not included in the results listed above are: yes (ALB, SLC and SMF); one or more (IAH); and “No but if claims made form is used, the airline must maintain coverage for tail of 5 years” (CMH).

21. Cross Liability Clause Specified/Separation of Insureds (Yes/No) – Forty-four airports answered this question.

Answer	Number of Respondents
Yes	13
No	31

Figure 28: Is there a Cross Liability Clause Specified/Separation of Insureds?



Although 96 percent of respondents reported that the airline is required to add the airport as an additional insured, answers were evenly split over whether or not an endorsement was required to support the additional insured requirement. Fifty percent of respondents require an endorsement and 50 percent do not.

Similarly for Question 15, 98 percent of respondents require a certificate of insurance, but for Question 16, 96 percent do not require a copy of the policy.

For Question 17, the majority of respondents (94%) require a 30-day notice for policy cancellation.

Responses for Question 18 were split on whether the respondents have a primary and non-contributory clause in their agreements with 47 percent that do while 53 percent do not. For Question 19, 62 percent of respondents say they do not have a penalty for failure to maintain insurance.

For Question 20, 71 percent of airports listed 'Occurrence' as specified on their policy form.

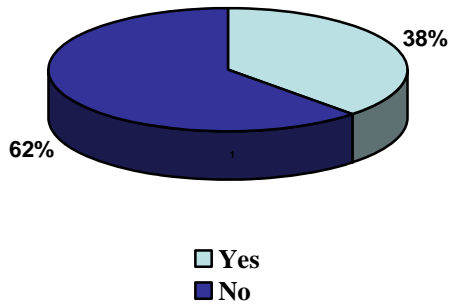
Seventy percent of respondents to Question 21 are not required to have a cross-liability/separation of insureds clause.

General Insurance Section Requirements

22. Clause on Deductibles as the Responsibility of the Airlines (Yes/No) – Forty-five airports answered this question.

Answer	Number of Respondents
Yes	17
No	28

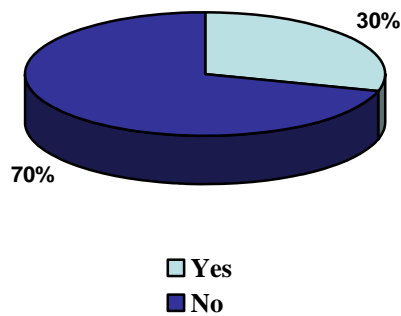
Figure 29: Is there a Clause on Deductibles as the Responsibility of the Airlines?



23. Deductibles Specified or to Be Approved by Airport (Yes/No) – Forty-four airports answered this question.

Answer	Number of Respondents
Yes	13
No	31

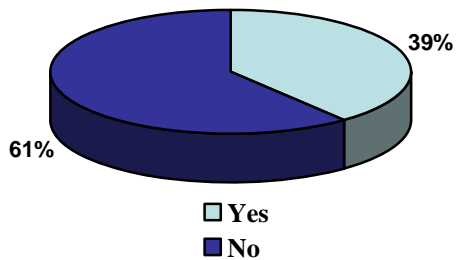
Figure 30: Are Deductibles Specified or to Be Approved by Airport?



24. Minimum Financial Rating Specified for Carriers of Airlines (Yes/No. If yes, enter the minimum rating specified) – Forty-six airports answered this question.

Answer	Number of Respondents
Yes	18
No	28

Figure 31: Is the Minimum Financial Rating Specified for Carriers of Airlines?

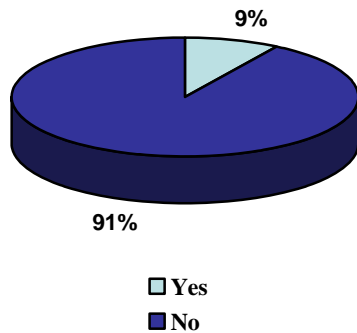


- Of those who said Yes, they listed the following rating specified:
 - A (STL)
 - A- (PDX)
 - AVIII (MIA, LAS)
 - A-VIII (SAN, TPA)
 - A-IX (ATL)
 - A-X (SMF)
 - B+V (MCI)
 - B+Class 6 (IAH)
 - B+VI (PHX)
 - B+VII (GRR)
 - B+10 (MWAA)
 - VIII (SNA)

25. Penalty if Airlines Cause an Increase in Airport Insurance (Yes/No) – Forty-five airports answered this question.

Answer	Number of Respondents
Yes	4
No	41

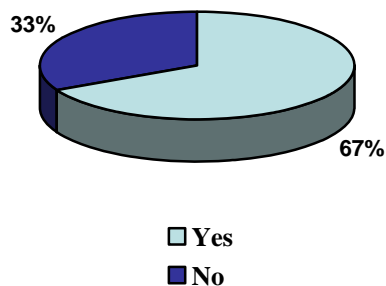
Figure 32: Is there a Penalty If the Airlines Cause an Increase in Airport Insurance?



26. Waiver of Subrogation Clause Within Agreement (Yes/No) - Forty-six airports answered this question.

Answer	Number of Respondents
Yes	31
No	15

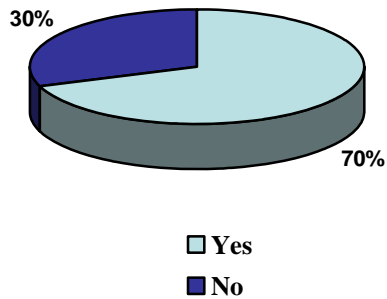
Figure 33: Is there a Waiver of the Subrogation Clause Within Agreement?



27. Periodic Review of Insurance Allowed by Airport to Ensure Adequacy (Yes/No) – Forty-six airports answered this question.

Answer	Number of Respondents
Yes	32
No	14

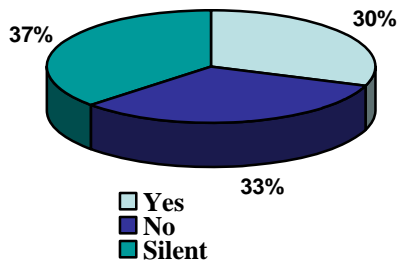
Figure 34: Is there a Periodic Review of Insurance Requirements Allowed by Airport to Ensure Adequacy?



28a. Self Insurance Allowed Instead of Commercial Insurance; if Lease is Silent on This – Indicate “Silent” (Yes/No) – Forty-six airports answered this question.

Answer	Number of Respondents
Yes	14
No	15
Silent	17

Figure 35: Is Self-Insurance Allowed Instead of Commercial Insurance?



28b. Specify All Lines Which Self Insurance is Permitted Such as Workers’ Comp (WC), Auto Liability (AL), General Liability (GL) – Nine airports answered this question.

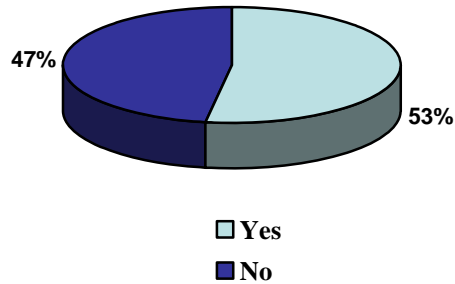
	WC	AL	GL
Number of airports who have this type of self insurance	5	4	5

Answers not included in the calculations above are: Property (TYS); and all self-insurance programs must be approved by the Authority (TPA).

28c. If Self-Insurance is Allowed, Are There Requirements Imposed by Airport on Airline to Allow the Self Insurance? (Yes/No) – Nineteen airports answered this question.

Answer	Number of Respondents
Yes	10
No	9

Figure 36: Are there Requirements Imposed by the Airport on the Airline to Allow Self Insurance?

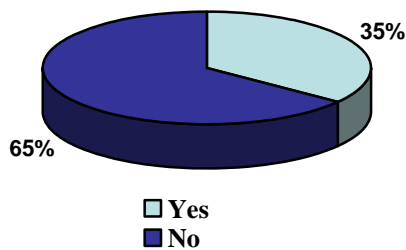


Answers not included in the calculations above are: all self-insurance programs must be approved by the Authority (TPA).

29. Are High Deductibles or High Retentions on Any Required Coverage Line Viewed as Self Insurance by the Authority? (Yes/No) – Seventeen airports answered this question.

Answer	Number of Respondents
Yes	6
No	11

Figure 37: Are High Deductibles or High Retentions on Any Required Coverage Line Viewed as Self-Insurance by the Authority?



With regards to Questions 22 and 23, 62 percent of respondents have no clause on deductibles, and 70 percent do not specify or pre-approve deductibles.

Although 39 percent of respondents to Question 24 provided a range of ratings, 61 percent do not have a minimum rating specified for carriers of airlines.

For Question 25, 91 percent of respondents do not have a penalty if the airlines cause an increase in airport insurance.

For Question 26, 67 percent of respondents do have a waiver of subrogation clause within their agreement. Similarly, 70 percent also have a periodic review of their insurance agreement allowed by the airport to ensure adequacy.

For Question 28a, the majority of responses were fairly evenly split between allowing self-insurance in place of commercial insurance with 33 percent; not allowing self-insurance in place of commercial insurance with 30 percent; and having their agreement silent on the issue, with 37 percent.

Nine airports (17%) have permitted airlines some form of self-insurance for either Workers' Comp (WC), Auto Liability (AL) or General Liability (GL), although the majority of airports (76%) did not answer this question.

Similarly, 9 airports (47%) do not impose requirements on airlines to allow self-insurance while 10 airports (53%) do have requirements.

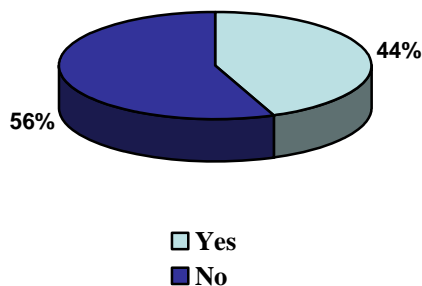
While 11 respondents (65%) do not have high deductibles or high retention on any required coverage line viewed as self insurance by the authority, 6 respondents (35%) do have it viewed as self-insurance by the authority.

Airport Insurance Obligations in Lease Agreement

30. Lease Specifies that the Airport Maintains Property Insurance (Yes/No) – Forty-one airports answered this question.

Answer	Number of Respondents
Yes	18
No	23

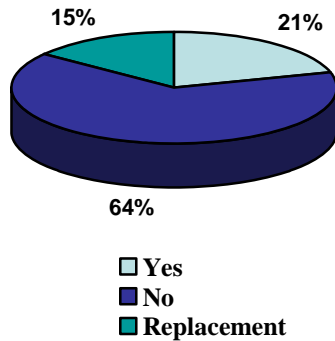
Figure 38: Does the Lease Specify that the Airport Maintains Property Insurance?



31. Percent of Value Limit Specified (Yes/No. If yes, enter the percentage) – Thirty-four airports answered this question.

Answer	Number of Respondents
Replacement	5
Yes	7
No	22

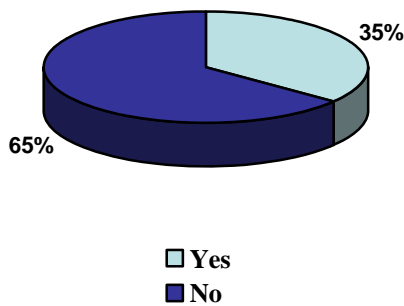
Figure 39: What is the Percent of Value Limit Specified?



32. Lease Specifies that the Airport Maintains Liability Insurance (Yes/No) – Thirty-one airports answered this question.

Answer	Number of Respondents
Yes	11
No	20

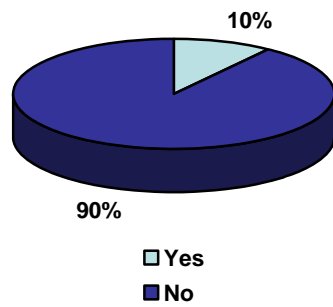
Figure 40: Does the Lease Specify that the Airport Maintains Liability Insurance?



33. Liability Limit to Which Airport is Obligated (Yes/No. If yes, enter the dollar amount) - Thirty-one airports answered this question.

Answer	Number of Respondents
Yes	3
No	27

Figure 41: Is there a Liability Limit to Which the Airport is Obligated?



Additional answers not included in the results listed above are: varies (SMF).

For Question 30, 56 percent of respondents say their lease does not specify that the airport should maintain property insurance.

For Question 31, 64 percent of respondents do not specify a value limit.

For Question 32, 65 percent of respondents say their lease does not specify that the airport should maintain liability insurance.

For Question 33, 87 percent of respondents do not specify a liability limit.

APPENDIX 1: FAA DEFINITION OF AIRPORT CATEGORIES

FAA defines airports by categories of airport activities, including commercial service, primary, cargo service, reliever, and general aviation airports.

Commercial Service Airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. Passenger boardings refer to revenue passenger boardings on an aircraft in service in air commerce whether or not in scheduled service. The definition also includes passengers who continue on an aircraft in international flight that stops at an airport in any of the 50 States for a non-traffic purpose, such as refueling or aircraft maintenance rather than passenger activity. Passenger boardings at airports that receive scheduled passenger service are also referred to as Enplanements.

Nonprimary Commercial Service Airports are Commercial Service Airports that have at least 2,500 and no more than 10,000 passenger boardings each year.

Primary Airports are Commercial Service Airports that have more than 10,000 passenger boardings each year. Hub categories for Primary Airports are defined as a percentage of total passenger boardings within the United States in the most current calendar year ending before the start of the current fiscal year. For example, calendar year 2001 data are used for fiscal year 2003 since the fiscal year began 9 months after the end of that calendar year. The table below depicts the formulae used for the definition of airport categories based on statutory provisions cited within the table, including Hub Type described in 49 USC 47102.

Definition of Airport Categories

Airport Classifications		Hub Type: Percentage of Annual Passenger Boardings	Common Name
Commercial Service: Publicly owned airports that have <u>at least 2,500</u> passenger boardings each calendar year and receive scheduled passenger service §47102(7)	Primary: Have <u>more than 10,000</u> passenger boardings each year §47102(11)	Large: 1% or more	Large Hub
		Medium: At least 0.25%, but less than 1%	Medium Hub
		Small: At least 0.05%, but less than 0.25%	Small Hub
		Nonhub: More than 10,000, but less than 0.05%*	Nonhub Primary
	Nonprimary	Nonhub: At least 2,500 and no more than 10,000*	Nonprimary Commercial Service
Nonprimary (Except Commercial Service)		Not Applicable	Reliever §47102(18)

APPENDIX 2: SURVEY SAMPLE

Airport Name	3-Letter Code	Hub Size
Ted Stevens Anchorage International Airport	ANC	L
Hartsfield-Jackson International Airport	ATL	L
Cincinnati/Northern Kentucky International Airport	CVG	L
Dallas/Ft. Worth International Airport	DFW	L
Detroit Metropolitan	DTW	L
George Bush Intercontinental Airport	IAH	L
John F. Kennedy International Airport	JFK	L
McCarran International Airport	LAS	L
Orlando International Airport	MCO	L
Miami International Airport	MIA	L
Minneapolis/St. Paul International Airport	MSP	L
Metropolitan Washington Airports Authority	MWAA	L
Philadelphia International Airport	PHL	L
Sky Harbor International Airport	PHX	L
Seattle-Tacoma International Airport	SEA	L
San Francisco International Airport	SFO	L
Norman Y. Mineta San Jose International Airport	SJC	L
Sacramento International Airport	SMF	L
Tulsa International Airport	TUL	L
Naples Municipal Airport	APF	M
Austin-Bergstrom International Airport	AUS	M
Buffalo Niagara International	BUF	M
Port Columbus International	CMH	M
Indianapolis International Airport	IND	M
Jacksonville International Airport	JAX	M
Kansas City International Airport	MCI	M
Manchester Airport	MHT	M
General Mitchell International Airport	MKE	M
Oakland International Airport	OAK	M
Eppley Airfield	OMA	M
Norfolk International Airport	ORF	M
Portland International Airport	PDX	M
Pittsburgh International Airport	PIT	M
Pease International Airport	PSN	M
Southwest Florida International Airport	RSW	M
San Diego International Airport	SAN	M
Salt Lake City International	SLC	M
John Wayne Airport	SNA	M
Lambert-St. Louis International Airport	STL	M
Tampa International Airport	TPA	M
McGhee Tyson Airport	TYS	M
Albany International Airport	ALB	S
Reina Beatrix (Aruba Airport)	AUA	S
Burlington International Airport	BTV	S
Gerald R. Ford International Airport	GRR	S
Piedmont Triad International Airport	GSO	S
Huntsville International Airport	HSV	S

Jackson-Evers International Airport	JAN	S
Quad City International	MLI	S
Dane County Regional Airport	MSN	S
Tucson International Airport	TUS	S
Yeager Airport	CRW	N
Ft. Wayne International Airport	FWA	N
Raleigh-Durham International Airport	RDU	N

APPENDIX 3: SURVEY QUESTIONNAIRE

Limits Section

1. Indemnity Agreement (a)			Airline Insurance Requirements - Exclude Other Agreements Airport May Have With Others Such As Ground Handlers										
Broad (b)	Intermediate (c)	Limited (d)	Limits (Mill)										
Note if your airport has something other than one of these three indemnity types, please clarify with a footnote.			Airline Liability (in millions)				General Liability	Automobile		Work Comp required of airlines		Property Insurance Required of Airlines (g)	
			2. Major	3. Commuter	4. War	5. Terrorism	6. (Non-airline)	7. Landside (e)	8. Airside (f)	9. Statutory WC	10. Employer Liab	11. Required (y/n)	12. Limit

General Requirements Section

Airline General Liability Coverage - Main Operations - Insurance (Lease between airlines and authority only)						
1	2	3	4	5	6	7
Coverage includes all ground operations, including ramp and taxi way (Yes/No)	Coverage includes products/ completed operations (Yes/No)	Coverage includes personal injury (Yes/No)	Coverage includes all airport premises (Yes/No)	Coverage includes aircraft fueling (Yes/No)	Airline required to have environmental or pollution liability (Yes/No)	Requires terrorism/war coverage (Yes/No)

Auto liability - Vehicles Owned by Airline	
8	9
Ramp or airfield requirements (limits) (Yes/No. If yes, please enter dollar amount)	Non-airfield/NonOps requirements (limits) (Yes/No. If yes, please enter dollar amount)

Property Insurance Requirement for Airlines		
10	11	12
Property insurance required for airlines (Yes/No)	Replacement value, or % of replacement value specified (Yes/No. If yes, please enter the percentage)	Betterments and improvements or alterations insurance specified (Yes/No)

Policy Specific Requirements (Required of Airline in Agreement)								
13	14	15	16	17	18	19	20	21
Airline required to add airport as additional insured (Yes/No)	Endorsement required to support Additional Insured requirement (Yes/No)	Certificate of insurance required (Yes/No)	Copy of policy required (Yes/No)	# of days for cancellation specified	Coverage primary and non-contributory clause (Yes/No)	Penalty for failure to maintain insurance (Yes/No)	Policy Form Specified (Claims Made, Occurrence, or None Specified)	Cross liability clause specified/ separation of insureds (Yes/No)

General Insurance Section Requirements									
22	23	24	25	26	27	28a	28b	28c	29
Clause on deductibles (responsibility of airlines) (Yes/No)	Deductibles specified or to be approved by airport (Yes/No)	Minimum rating specified for carriers of airlines (Yes/No. If yes, enter the minimum rating specified)	Penalty if airlines cause increase in airport insurance (Yes/No)	Waiver of subrogation clause within agreement (Yes/No)	Periodic review of insurance allowed by airport to ensure adequacy (Yes/No)	Self insurance allowed instead of comm insurance; if lease is silent on this - indicate "silent" (Yes/No)	Specify all lines which self insurance is allowed: WC-work comp; AL-auto liability;GL general liability	If self-insurance allowed, are there requirements imposed by airport on airline to allow the self insurance (Yes/No)	Are high deductibles or high retentions on any required coverage line viewed as self insurance by the authority? (Yes/No)

Airport Insurance Obligations in Lease Agreement			
30	31	32	33
Lease specifies airport maintains property insurance (Yes/No)	Percent of Value Limit Specified (Yes/No. If yes, enter the percentage)	Lease specifies airport maintains liability insurance (Yes/No)	Liability limit airport is obligated to (Yes/No. If yes, enter the dollar amount)

APPENDIX 4: ABOUT THIS REPORT

ACI-NA thanks its member airports for their contribution and input to this report. Without their participation, ACI-NA could not have been able to develop this report and the important information on the airport operating agreements' insurance.

This report was developed by the Insurance and Risk Management Subcommittee leadership: Scott Gibbons (Cincinnati), Jeff Hollingsworth (Seattle), Errol Fitzpatrick (San Diego) and Mike Natale (Washington D.C.). Additional support came from Norma Essary and Steve Francis of Dallas/Ft. Worth. ACI-NA staff contributors to this report include Liying Gu and Miranda Horan.

If you have any questions or comments regarding the results of this survey, please contact Miranda Horan, Research Analyst, Center for Policy and Regulatory Affairs, at mhoran@aci-na.aero or at (202) 293-4530.